

# The Philips Foundation

## **Operational Policy 2024**

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## Introduction

In 2014, Koninklijke Philips N.V. (Royal Philips) established Stichting Philips Foundation (the Philips Foundation), to serve as a platform for the global corporate social responsibility activities. Notwithstanding Philips acting as a socially and environmentally responsible company acting upon its ESG commitments, the Philips Foundation is a separate, non-commercial organization with a formal not-for-profit status certification (ANBI), typically supporting underprivileged and underserved communities around the world.

Philips and the Foundation are united under the Philips brand and in pursuit of a common purpose. The Foundation's activities benefit fully from the company's expertise and healthcare solutions.

This document outlines the mission, governance, organization, activities and funding of the Philips Foundation.

## Mission

Philips Foundation's mission focuses on the support to underprivileged and underserved communities around the world in the area of healthcare.

The mission is: to reduce healthcare inequality, by providing access to quality healthcare to disadvantaged communities, through innovation.

## Vision

Pursuing this mission, the Foundation benefits from Royal Philips' expertise and knowledge and (financial) resources to help develop low-cost, easily accessible solutions that provide access to care for underserved /underprivileged communities. Together with partners from selected non-governmental and governmental organizations, as well as with social entrepreneurs, Philips Foundation aims to drive system change, resulting in measurable social impact, based upon social and technical innovation, as well as new business models and ways to disseminate innovations.

Throughout its existence, the Foundation has opened up medical services to communities by collaboration, donations and skilled resources, leading to better awareness, prevention and diagnosis of diseases. (46.5 million people were provided with access to healthcare services in 2024).

The Philips Foundation strives to be recognized within the international investment-, business-, healthcare-, humanitarian- and government communities, as an energetic force for the enhancement of global healthcare access.

## Philosophy and approach

Philips Foundation provides expertise and financial support (loans or grants) to parties that can make a meaningful and lasting impact on healthcare in local communities, especially communities that are underserved and have little resources. Under Philips Foundation, an enterprise is set up as a 100% daughter of Philips Foundation. This entity is called Philips Foundation Impact Investments BV (PFII). This was done from the conviction, that *lasting* change for the end-beneficiaries is not achieved by (dependency on) donations, but by finding models that can be made financially self-sustaining, even in the low-resource settings. PFII issues loans and equity to social enterprises with interesting technologies and solutions in healthcare fit for underserved and low-resource communities.

It is the Foundation's aspiration to enable healthcare access to 100 million people in underserved communities by 2030.

Philips supports the Foundation with donations, but also by bringing to bear its considerable multi-disciplinary resources globally, including specialist knowledge, employee time, brand and communications support. It is typically by these assets, that the Philips Foundation (incl PFII) can truly add value to society.

The Foundation acts in the following areas:

- Identify, coordinate and activate Corporate Social Responsibility (CSR) activities worldwide;
- Disaster relief across the world (capped at 25% of the annual budget due to its nature as incidental help, instead of the desired system change).
- Funding of targeted projects/social impact initiatives with partners, with a focus on healthcare delivery, ensuring to maximize opportunities to scale.
- Make Philips technology available to the emerging markets that need it, adapting solutions to the local needs, customs and affordability.
- Maximize opportunities to scale by leveraging Philips' resources and know-how.

- Partner with third parties that complement the support that Philips provides to the Foundation and that contribute to targeted care delivery eco system development mentioned above.
- Enabling / initiating collaboration with social partners and -entrepreneurs to innovate complementary and impactful models in future markets. The Foundation will identify innovative solutions and frugal innovation supporting the access to care- ambitions.
- Mobilize employee volunteers (skilled volunteering) in support of targeted activities / initiatives, to deliver measurable impact.

At the core of our approach lies involvement in the above-mentioned ways, rather than solely providing financial support or in-kind contributions. When choosing programs and projects, we focus on the access to healthcare mission and drive healthcare system change.

In the projects and entrepreneurs, we support, we strive for true partnership with the aim to be a key contributor and make a visible difference with knowledge and expertise, rather than just being one of the (funding) participants, building upon the Philips Foundation name.

## Geographical Scope

The Philips Foundation and PFII support projects/entrepreneurs typically among the underserved communities in countries where Royal Philips or one of its subsidiaries are present, or in LMIC where Philips is not present but a lot of impact can be made within the criteria Philips Foundation or PFII apply. When entering LMIC, we assure collaboration with a strong (NGO-) partner and / or social entrepreneur on the ground.

## Program Structure and way of working

### **The Philips Foundation works along several lines:**

1. Philips is organized in several Markets, Businesses and Functions. All of these can submit innovative, not-for-profit proposals, to support disadvantaged communities get better healthcare provision.
2. Next to that, with renowned non-governmental or humanitarian organizations (NGO's), the Philips Foundation tries to determine the exact healthcare need on the ground, and innovate towards new solutions, in order to improve the healthcare system. The Foundation will also work with NGO partners to identify impactful community projects to increase access to healthcare of disadvantaged communities.

3. The Philips Foundation Impact Investments BV (financially) supports social entrepreneurs who pioneer solutions to provide better access to care, to grow the scale of their innovative approach, and improve their model, deploying Philips expertise in a mentoring and support mechanism, with the end goal to create system change and large scale access to quality healthcare for underserved communities. The Investment Policy is laid down in a separate document.
4. In extreme cases, manmade or natural disaster like the explosion in Beirut, the conflict in Ukraine and earthquakes in Turkey/Syria or hurricane and the COVID-19 outbreak in various countries, or hurricanes and floodings, The Philips Foundation works to provide disaster relief to regions as quickly as possible, guided by its disaster relief policy (laid down in a separate document), and through partnerships with national societies of the Red Cross, UN bodies, governments and NGO's, providing medical equipment to those in need, digital healthcare solutions, funds, as well as by facilitating Philips employees to donate funds for support.
5. The work of the Philips Foundation facilitates opportunities for Royal Philips employees to volunteer in NGO- and social entrepreneurs challenges around the world.

### **Partnerships**

The Philips Foundation works with Royal Philips, its country organizations, and non-governmental organizations (NGOs), international organizations (IOs), governmental organizations (GOs) and social entrepreneurs. Most of the entrepreneurs come to us through our collaboration with Ashoka, and through our investors' - corporate- and personal networks.

The Philips Foundation will assess potential partners against a checklist, including the following criteria:

- Reputation and brand
- Advocacy on key development issues
- Global or multi-country reach
- Skills, expertise and interest in key areas of health
- Opportunity for employee engagement from Royal Philips employees
- No religious or political association/affiliation
- Project and program management capabilities
- Complementary capabilities to Philips (Foundation)
- Co-investment capacities

### **Flowchart for projects of the Philips Foundation**



### **Project Approval Process**

**(For PFII's investment approval process, a separate investment policy is documented in a separate document.)**

Criteria to assess project proposals or to initiate activities include (but are not limited to):

1. Healthcare related project which fits with overall aim of providing access to healthcare;
2. Use of Philips innovation, digital expertise, resources within expertise fields (preferred over donating money alone);
3. Addresses health inequality to benefit disadvantaged groups;
4. Considers long term sustainability of the solutions;
5. Preferably scalable / replicable;
6. Absence of a private interest goal for Philips;
7. In principle, no grants directly to national or local governments, generally working NGO's;
8. Significant reach within target audience (# per x euro);
9. For employee volunteering projects: Significant volunteering activation and optimal use of know-how, expertise and experience.

New project proposals up to an amount of 100,000 euros, can be decided upon by the Foundation's director, based on transparent criteria as mentioned above.

During the Board meetings (4 times a year) the Board is informed regarding approved projects up to 100,000 euro by the operational team.

The Board reviews projects with a budget above 100,000, selected and presented by the

operational team, based on the above mentioned criteria. The Board decides to approve or to decline the projects (after requests for further clarification if any).

New projects can be proposed by Royal Philips employees, NGO or GO partners or third parties. The Foundation performs a first screening on alignment with the Foundation's criteria. To be able to benefit from Royal Philips' expertise and knowledge, proposals may be submitted, where appropriate, for input to the respective Royal Philips Market Leader in whose geographical area of responsibility the proposed project would run and / or experts within Royal Philips. The Philips Foundation, the members of the Board and the Foundation Director acknowledge their responsibility in respect to the standard of integrity laid down in the General Business Principles of Royal Philips and compliance with all applicable laws and regulations.

Due diligence on the parties to be funded, is conducted before accepting any proposal, in accordance with the Philips DDP screening process. The Foundation and PFII will contribute solely to activities that fit its mission of supporting underprivileged and underserved communities around the world in the area of access to healthcare.

## **Monitoring and Evaluation**

All project partners of the Philips Foundation will be responsible for reporting to the Foundation on the progress of the joint project on a regular basis, or, if agreed, at the end of the project. The partner organization will be responsible for tracking KPIs and reporting any issues in the set up and implementation of the project to the Philips Foundation. There will be regular contact between the Philips Foundation and the organizations, as well as between the Philips Foundation and involved employees of Royal Philips.

The Foundation uses a thorough monitoring and evaluation process to assess progress in the milestones in the agreed programs and projects. In principle on an annual basis, there will be an internal audit to assess compliance. Annually the Philips Foundation issues an Annual Report, which is audited by a renowned external accountant.

The Foundation actualizes its website and newsletters on a regular basis, and promotes its activities among Philips employees and external target groups.

## **Funding of the Philips Foundation**

Royal Philips, in addition to the Foundation resourcing, provides an annual contribution in cash to the Philips Foundation of 6,7 million euro's, to be paid in 4 quarterly installments. The



Foundation actively looks for co-investors in specific projects, establishing strategic relationships with donors and other (corporate) Foundations, and co-investors through PFII in investees.

Royal Philips also provides the Philips Foundation in-kind contributions of expert volunteers, community volunteers, the resources for the operational team of the Philips Foundation, as well as products and services (to charitable prices).

Royal Philips furthermore supports the Foundation with office space, provide IT and travel support, supports the Foundation website on Philips servers and provides meeting space for the Board. In addition to the dedicated staff, ad-hoc support is provided by various Functions at Royal Philips. These Functions include but are not limited to: Legal, Treasury, Brand, Communication and Digital (BC&D), Group Sustainability, Design and Research.

## Organization and governance

The Philips Foundation's Board has the final responsibility for the strategy, policies, performance and operation (including funds management) of the Foundation.

The Board consists of a minimum of three and a maximum of seven members. The majority of Board members are independent from Royal Philips.

The Philips Foundation is managed on a daily basis by the Foundation Director and is supported by an operational team. This team consists of Royal Philips employees who are made available at no cost to the Foundation by Royal Philips. The team manages the Foundation on behalf of, and reports to, the Board. In addition, other Royal Philips employees may support the Foundation on an ad-hoc or part-time basis.

The Foundation seeks advisors to support the operational team as well as the Board on strategic and operational issues, on project proposals and grant requests when desired. Advisors can be Royal Philips employees as well as external individuals or organizations.

### **Philips Foundation Board Members**

**Marnix van Ginneken** – Chairman of the Board

Member Executive Committee Royal Philips, Chief ESG & Legal Officer

**Robert Metzke**

Global Head of Sustainability, Royal Philips

**Liesbeth Rutgers**

Consultant Risk management and Impact Investment strategies, Triple-R

**Allert van den Ham**

Retired CEO, Chairman of SNV USA and SNV Country Director Laos & Myanmar

**Bernard van der Vyver**

Entrepreneur and investor

Retired Global Talent Strategies & Learning Solutions Leader for Deloitte Consulting

**Ann Aerts**

Director Novartis Foundation, MD

**Nancy Bocken**

Professor Sustainable business development / research

**Foundation operations team****Margot Cooijmans**

Director, Philips Foundation

**Victor de Boer**

Program manager local country (CSR) projects

**Bahaa Eddine Sarroukh**

Head of Innovation, dedicated to PFII

**Timea Nemeth**

Assistant and project support

**Caroline Gitonga**

Knowledge Management

**Karthik Govinderadjan**

Technical (IT/digital) portfolio manager

**Eline Houwen**

Continuous Improvement Lead

**Yannick Eshuijs, reporting to Anette Hendrickx,**

Communications

### **ANBI Charity Status, Articles of Association, Ch o C.**

The Philips Foundation obtained the ANBI status in 2014, as defined in Dutch tax law (Algemeen Nut Beogende Instelling). It has the legal form of a Stichting, with its own Articles of Association. Chamber of Commerce number (the Netherlands): 61055379 (Stichting Philips Foundation), based in Amsterdam.

The 100% subsidiary Philips Foundation Impact Investments BV is a limited enterprise with its own Articles of Association. Chamber of Commers number (the Netherlands): 83915427, based in Amsterdam.

### **Contact details Philips Foundation**

Stichting Philips Foundation / Philips Foundation Impact Investments BV  
Philips Center

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